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By: **Chairman, Economic Matters Committee (By Request - Departmental -  
Labor, Licensing and Regulation)**

Introduced and read first time: January 16, 2004

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **State Board of Public Accountancy - Special Fund**

3 FOR the purpose of establishing a State Board of Accountancy Fund as a continuing,  
4 nonlapsing special fund in the Department; requiring that the Fund be used for  
5 certain purposes; authorizing the State Board of Public Accountancy to set  
6 certain fees; specifying the use of certain fees; directing the payment of certain  
7 fees to the Fund; changing the classification of certain fees; providing that  
8 certain fees remain in effect until certain other fees are adopted and made  
9 effective; and generally relating to the authority of the Department of Labor,  
10 Licensing, and Regulation and the State Board of Public Accountancy.

11 BY repealing and reenacting, with amendments,  
12 Article - Business Occupations and Professions  
13 Section 2-101, 2-206, 2-304, 2-308(b)(3), 2-309(a)(2), 2-311(c)(2), 2-312(e),  
14 2-313(a)(2), (c), and (d)(3), 2-314, 2-315(a)(1)(vii), 2-319(b), 2-320(a)(5),  
15 2-404(a)(2), 2-405(a)(2), 2-407(b)(2) and (c)(2), 2-414(b), and 2-416(d)(3)  
16 Annotated Code of Maryland  
17 (2000 Replacement Volume and 2003 Supplement)

18 BY repealing  
19 Article - Business Occupations and Professions  
20 Section 2-209  
21 Annotated Code of Maryland  
22 (2000 Replacement Volume and 2003 Supplement)

23 BY adding to  
24 Article - Business Occupations and Professions  
25 Section 2-209  
26 Annotated Code of Maryland  
27 (2000 Replacement Volume and 2003 Supplement)

28 BY adding to

1 Article - Business Regulation  
2 Section 2-106.3 and 2-106.4  
3 Annotated Code of Maryland  
4 (1998 Replacement Volume and 2003 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article - Business Occupations and Professions**

8 2-101.

9 (a) In this title the following words have the meanings indicated.

10 (b) "Board" means the State Board of Public Accountancy.

11 (c) "License" means, unless the context requires otherwise, a license issued by  
12 the Board to practice certified public accountancy.

13 (D) "LICENSE FEE" MEANS THE FEE PAID IN CONNECTION WITH THE  
14 ISSUANCE OR RENEWAL OF A LICENSE OR THE ISSUANCE OF A RECIPROCAL LICENSE  
15 AND A LIMITED LICENSE.

16 [(d)] (E) "Licensed certified public accountant" means, unless the context  
17 requires otherwise, an individual licensed by the Board to practice certified public  
18 accountancy.

19 [(e)] (F) "Permit" means, unless the context requires otherwise, a permit  
20 issued by the Board to allow a partnership or corporation to operate a business  
21 through which an individual may practice certified public accountancy.

22 (G) "PERMIT FEE" MEANS THE FEE PAID IN CONNECTION WITH THE ISSUANCE  
23 OR RENEWAL OF A PERMIT OR THE ISSUANCE OF A LIMITED PERMIT.

24 [(f)] (H) "Practice certified public accountancy" means to perform any of the  
25 following accountancy services:

26 (1) conducting an audit of financial statements; or

27 (2) providing a written certificate or opinion on the correctness of the  
28 information or on the fairness of the presentation of the information in:

29 (i) a financial statement;

30 (ii) a report;

31 (iii) a schedule; or

32 (iv) an exhibit.

1 2-206.

2 (a) On request of any person and payment of a VERIFICATION fee [of \$10] SET  
3 BY THE BOARD, the Board shall certify the licensing or permit status and  
4 qualifications of any person who is the subject of the request.

5 (b) Each certification under this section:

6 (1) shall include a statement of the licensing or permit status of the  
7 person who is the subject of the request; and

8 (2) may include:

9 (i) information about the examination results and other  
10 qualifications of that person;

11 (ii) information about the dates of issuance and renewal of the  
12 license or permit of that person;

13 (iii) information about any disciplinary action taken against that  
14 person; and

15 (iv) if authorized by that person, information about any complaint  
16 against that person.

17 [(c) The Board shall collect a fee of \$10 for each certification under this  
18 section.]

19 [2-209.

20 The Board shall pay all money collected under this title into the General Fund of  
21 the State.]

22 2-209.

23 (A) (1) THE BOARD MAY SET REASONABLE FEES FOR ITS SERVICES.

24 (2) THE FEES SHALL BE SET SO AS TO PRODUCE FUNDS TO  
25 APPROXIMATE THE COST OF MAINTAINING THE BOARD AND SHALL BE BASED ON  
26 THE CALCULATIONS PERFORMED BY THE SECRETARY UNDER § 2-106.4 OF THE  
27 BUSINESS REGULATION ARTICLE.

28 (B) THE BOARD SHALL PUBLISH THE FEE SCHEDULE SET BY THE BOARD IN  
29 REGULATION.

30 (C) (1) THE BOARD SHALL PAY ALL FEES COLLECTED UNDER THIS  
31 SUBTITLE TO THE COMPTROLLER OF THE STATE.

32 (2) THE COMPTROLLER SHALL DISTRIBUTE THE FEES TO THE STATE  
33 BOARD OF PUBLIC ACCOUNTANCY FUND ESTABLISHED UNDER § 2-106.3 OF THE  
34 BUSINESS REGULATION ARTICLE.

1 2-304.

2 An applicant for a license shall:

3 (1) submit to the Board an application on the form that the Board  
4 provides; and

5 (2) pay to the Board or the Board's designee:

6 (I) A NONREFUNDABLE APPLICATION FEE SET BY THE BOARD;  
7 AND

8 (II) an examination fee set by the Board in an amount not to exceed  
9 the cost of the required examination.

10 2-308.

11 (b) The Board may grant a waiver under this section only if the applicant:

12 (3) pays to the [Board an application fee of \$50; and] BOARD:

13 (I) THE NONREFUNDABLE APPLICATION FEE SET BY THE BOARD;  
14 AND

15 (II) A LICENSE FEE SET BY THE BOARD; AND

16 2-309.

17 (a) If an applicant qualifies for a license under this subtitle, the Board shall  
18 send the applicant a notice that states that:

19 (2) on receipt of a [\$15] license fee SET BY THE BOARD, the Board will  
20 issue a license to the applicant.

21 2-311.

22 (c) Before a license expires, the licensee periodically may renew it for an  
23 additional 2-year term, if the licensee:

24 (2) pays to the Board a [renewal] LICENSE fee [not exceeding \$40, as]  
25 set by the Board; and

26 2-312.

27 (e) (1) The Board may enter into written agreements with qualified persons  
28 wishing to conduct approved programs.

29 (2) A person seeking approval by the Board for this purpose shall:

30 (i) submit to the Board an application on the form that the Board  
31 provides; and

1 (ii) pay [an application fee, not exceeding \$200, as] TO THE BOARD  
2 A CONTINUING EDUCATION PROVIDER FEE set by the Board.

3 (3) Agreements entered into under this section shall expire on April 30 of  
4 each even-numbered year.

5 2-313.

6 (a) The Board shall place a licensee on inactive status and issue an inactive  
7 status certificate to the licensee, if the licensee:

8 (2) pays to the Board an inactive status [application] fee [not exceeding  
9 \$20, as] set by the Board; and

10 (c) (1) Unless a licensee on inactive status renews it as provided in this  
11 section, the licensee loses that status on the first December 31 that comes:

12 (i) after the inactive status certificate is issued to the licensee; and

13 (ii) in an even-numbered year.

14 (2) At least 1 month before the inactive status of a licensee expires, the  
15 Board shall mail to the licensee, at the last known address of the licensee:

16 (i) a renewal application form; and

17 (ii) a notice that states:

18 1. the date on which the inactive status expires;

19 2. the date by which the Board must receive the renewal  
20 application for the renewal to be mailed before the inactive status expires; and

21 3. the amount of the [renewal] INACTIVE STATUS fee.

22 (3) Before an inactive status expires, the licensee periodically may renew  
23 it for an additional 2-year term, if the licensee:

24 (i) otherwise is entitled to be placed on inactive status;

25 (ii) pays to the Board [a renewal] AN INACTIVE STATUS fee [not  
26 exceeding \$20, as] set by the Board; and

27 (iii) submits to the Board a renewal application on the form that the  
28 Board provides.

29 (4) After an inactive status expires, the former licensee may reapply for  
30 inactive status without meeting the continuing education requirements to qualify for  
31 an active license under § 2-312 of this subtitle, only if the former licensee:

32 (i) otherwise is entitled to be placed on inactive status;

1 (ii) pays to the Board [a reapplication fee not exceeding \$40, as] AN  
2 INACTIVE STATUS FEE set by the Board; and

3 (iii) reapplies to the Board for inactive status within 2 years after  
4 initial expiration of inactive status on a form that the Board provides.

5 (5) The Board shall renew the inactive status of each licensee or grant  
6 the reapplication for inactive status of each former licensee who meets the  
7 requirements of this subsection.

8 (d) The Board shall reactivate the license of a licensee who is on inactive  
9 status, if the licensee:

10 (3) pays to the Board a reactivation fee that is equal to the license  
11 [renewal] fee set by the Board under § 2-311 of this subtitle.

12 2-314.

13 In accordance with its regulations, the Board may reinstate the license of an  
14 individual who has failed to renew the license for any reason if the individual:

15 (1) otherwise is entitled to be licensed;

16 (2) complies with each continuing education requirement that the Board  
17 sets for this purpose; and

18 (3) pays to the Board[:

19 (i) all past due renewal fees; and

20 (ii)] a reinstatement fee [not exceeding \$60, as] set by the Board.

21 2-315.

22 (a) (1) Subject to the hearing provisions of § 2-317 of this subtitle, the  
23 Board, on the affirmative vote of a majority of its members, may deny a license to any  
24 applicant, reprimand any licensee, or suspend or revoke a license if the applicant or  
25 licensee:

26 (vii) has had the right to practice as a certified public accountant in  
27 another state denied, revoked, or suspended or has had the renewal of that right  
28 denied for any cause other than failure to pay a [renewal] LICENSE fee;

29 2-319.

30 (b) A license may be reinstated under this section only if:

31 (1) the individual whose license has been revoked or suspended submits  
32 a written request to the Board;

33 (2) the Board holds a hearing on the request; [and]

1 (3) the Board, by an affirmative vote of a majority of its members, votes  
2 to reinstate the license; AND

3 (4) THE INDIVIDUAL PAYS TO THE BOARD A REINSTATEMENT FEE SET  
4 BY THE BOARD.

5 2-320.

6 (a) The Board may issue a limited license for the practice of certified public  
7 accountancy on a specific job to any applicant who:

8 (5) pays to the Board [an application] A LICENSE fee [of \$25] SET BY  
9 THE BOARD.

10 2-404.

11 (a) An applicant for a permit shall:

12 (2) pay to the Board [an application fee of \$25] A NONREFUNDABLE  
13 APPLICATION FEE SET BY THE BOARD.

14 2-405.

15 (a) If an applicant qualifies for a permit under this subtitle, the Board shall  
16 send the applicant a notice that states that:

17 (2) on receipt of a [\$25] permit fee SET BY THE BOARD, the Board will  
18 issue a permit to the applicant.

19 2-407.

20 (b) At least 1 month before a permit expires, the Board shall mail to the  
21 permit holder, at the last known address of the holder:

22 (2) a notice that states:

23 (i) the date on which the current permit expires;

24 (ii) the date by which the Board must receive the renewal  
25 application for the renewal to be issued and mailed before the permit expires; and

26 (iii) the amount of the [renewal] PERMIT fee.

27 (c) Before a permit expires, the permit holder periodically may renew it for an  
28 additional 2-year term, if the holder:

29 (2) pays to the Board a [renewal] PERMIT fee [not exceeding \$80, as]  
30 set by the Board; and

1 2-414.

2 (b) A permit may be reinstated under this section only if:

3 (1) the partnership, limited liability company, or corporation whose  
4 permit has been revoked or suspended submits a written request to the Board;

5 (2) the Board holds a hearing on the request; [and]

6 (3) the Board, by an affirmative vote of a majority of its members, votes  
7 to reinstate the permit; AND

8 (4) THE PARTNERSHIP, LIMITED LIABILITY COMPANY, OR CORPORATION  
9 PAYS TO THE BOARD A REINSTATEMENT FEE SET BY THE BOARD.

10 2-416.

11 (d) In order to qualify for a limited permit under this section a corporation,  
12 limited liability company, or partnership shall:

13 (3) pay to the Board [an application fee of \$25] THE PERMIT FEE SET BY  
14 THE BOARD.

15

#### Article - Business Regulation

16 2-106.3.

17 (A) (1) THERE IS A STATE BOARD OF PUBLIC ACCOUNTANCY FUND IN THE  
18 DEPARTMENT.

19 (2) THE FUND IS A CONTINUING, NONLAPSING SPECIAL FUND.

20 (B) (1) EXCEPT AS OTHERWISE PROVIDED BY LAW, THE STATE BOARD OF  
21 PUBLIC ACCOUNTANCY SHALL PAY ALL FEES COLLECTED TO THE COMPTROLLER OF  
22 THE STATE.

23 (2) THE COMPTROLLER SHALL DISTRIBUTE THE FEES TO THE FUND.

24 (C) THE FUND SHALL BE USED TO COVER THE ACTUAL DOCUMENTED DIRECT  
25 AND INDIRECT COSTS OF FULFILLING THE STATUTORY AND REGULATORY DUTIES  
26 OF THE STATE BOARD OF PUBLIC ACCOUNTANCY.

27 (D) THE SECRETARY OR A DESIGNEE OF THE SECRETARY SHALL ADMINISTER  
28 THE FUND.

29 (E) THE LEGISLATIVE AUDITOR SHALL AUDIT THE ACCOUNTS AND  
30 TRANSACTIONS OF THE FUND AS PROVIDED UNDER § 2-1220 OF THE STATE  
31 GOVERNMENT ARTICLE.

1 2-106.4.

2 (A) IN CONSULTATION WITH THE STATE BOARD OF PUBLIC ACCOUNTANCY,  
3 THE SECRETARY SHALL ANNUALLY CALCULATE THE DIRECT AND INDIRECT COSTS  
4 ATTRIBUTABLE TO THE BOARD.

5 (B) THE BOARD SHALL ESTABLISH FEES BASED ON THE CALCULATIONS  
6 PROVIDED BY THE SECRETARY UNDER THIS SECTION.

7 (C) EACH FEE ESTABLISHED BY THE BOARD MAY NOT BE INCREASED  
8 ANNUALLY BY MORE THAN 12.5% OF THE EXISTING AND CORRESPONDING FEE OF  
9 THE BOARD.

10 SECTION 2. AND BE IT FURTHER ENACTED, That any fees repealed under  
11 this Act shall remain in full force and effect until the fees authorized to be set in  
12 accordance with Section 1 of this Act are adopted by the State Board of Public  
13 Accountancy and take effect.

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take  
15 effect June 1, 2004.